By R. DAVID BELLI

Plant and Equipment Expenditures by Foreign Affiliates of U.S. Corporations—Revised Estimates for 1969 and 1970

Foreign affiliates of U.S. corporations expect to increase their plant and equipment expenditures 20 percent in 1970, following a rise in 1969 provisionally estimated at 12 percent. Expectations for 1970 show particular strength in spending by manufacturing affiliates in Western Europe and Canada.

EXPENDITURES for property, plant and equipment by foreign affiliates of U.S. corporations are provisionally estimated to have risen 12 percent in 1969 to a level of $10.6 billion. A further increase of 20 percent is expected for 1970, which would represent the most rapid growth in such expenditures since 1965. If the expectations are realized, spending this year will show the largest dollar increase—$2.1 billion—since the initiation of the survey in 1957, and reach a total of $12.7 billion.

These findings are based on the semiannual survey taken by the Office of Business Economics in December 1969; the survey covers a sample of about 450 larger U.S. investors with approximately 4,500 foreign affiliates.

The large increase projected for 1970 primarily reflects renewed emphasis on fixed asset investment by manufacturing affiliates, especially in Western Europe and Canada. This is a notable change from 1968 when total expenditures grew by only $0.1 billion and manufacturing affiliates in the more developed countries substantially reduced outlays. Although there were some shifts among the various industries and areas, the latest findings essentially confirmed estimates for 1969 and 1970 made 6 months earlier and reported in the September 1969 issue of the SURVEY.

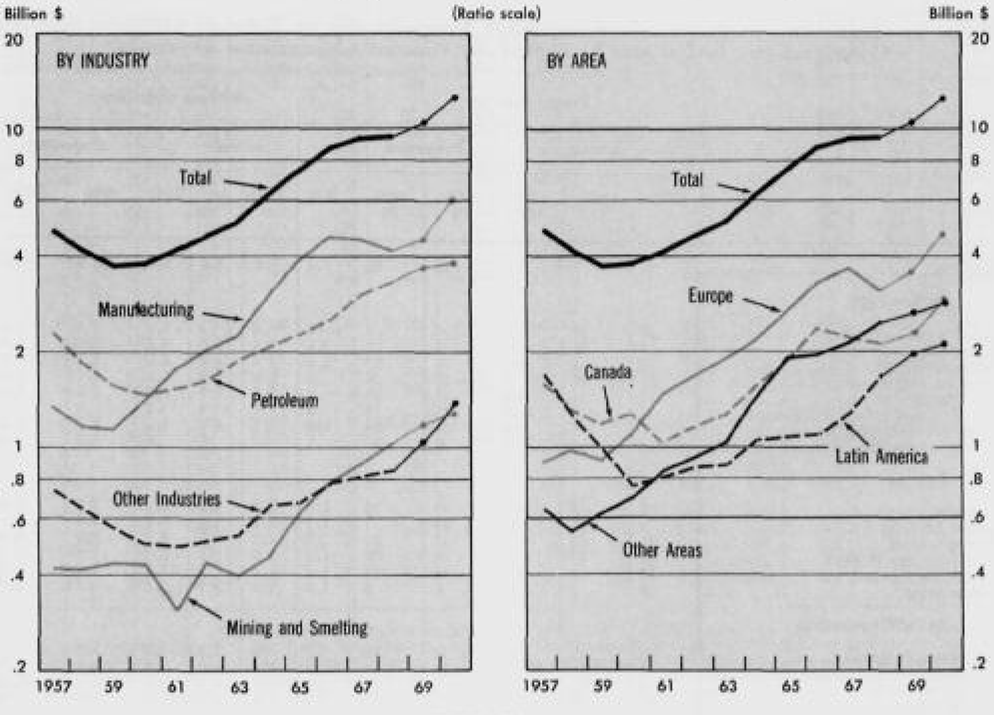
Industry pattern

Plant and equipment expenditures by foreign manufacturing affiliates are estimated to have increased 10 percent last year to $4.6 billion, following reductions in both 1967 and 1968. With manufactures in many countries continuing to reduce spending last year, the estimated rise in total manufacturing outlays was heavily concentrated in West Germany, the United Kingdom, and Canada. Affiliates in these countries again expect substantial increases in 1970, but expansion is also expected in most other countries. In fact, manufacturing is expected to lead the major industry divisions in spending growth in 1970 with an increase of 32 percent to a total $6.1 billion.

Within manufacturing, affiliates in the chemical industry showed a decline in capital spending in 1969, confirming earlier expectations. Plans for the current year, however, indicate an increase of 29 percent. Anticipations of a rapidly expanding market for chemical products in the Common Market countries is spurring much of this increase. Machinery manufacturers reported the most rapid increase in outlays last year—27 percent according to current estimates—and they are expected to lead

CHART 12

Expenditures for Plant and Equipment by Foreign Affiliates of U.S. Companies



NOTE.—1969 obtained by multiplying 1968 by change in "D" estimate. 1970 obtained by multiplying 1969 by change in "B" estimate. See note to table 2.

U.S. Department of Commerce, Office of Business Economics

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again in 1970 with a 40 percent increase to a level of $1.8 billion. To a large degree, the expansion reflects the introduction of more advanced computers and related equipment into Western Europe. (It should be noted that the cost of machinery acquired by manufacturing affiliates for leasing to others is counted as part of the affiliates' capital expenditures.) The latest estimates for affiliates manufacturing transportation equipment show some downward revision from the findings 6 months earlier, but substantial expansion is still indicated for both 1969 and 1970. The current estimates are for an 18 percent increase in both years. Taken together, affiliates in other manufacturing industries currently expect an increase in outlays this year of 38 percent, or about $0.6 billion, following an expansion of about half that magnitude in 1969. Particularly notable within this group are plans for renewed large investments in 1970 by U.S. owned Canadian affiliates in the pulp and paper industry. Manufacturers of primary and fabricated metals also expect sizable increases in capital spending.

For affiliates in the petroleum industry, expenditures are estimated to have risen 11 percent in 1969 and are expected to increase an additional 5 percent in 1970, both smaller increases than the estimates made 6 months earlier. If the expectations are realized, the industry's outlays would total $3.9 billion in 1970. Investments in tanker fleets constituted an important part of the 1969 increase, while expenditures for production and refining facilities in the Far East are expected to lead growth in 1970.

Affiliates engaged in mining and smelting reported a 16 percent rise in capital spending in 1969, despite a small reduction of outlays in Canada. This year, cutbacks in Latin America are expected to reduce growth for the entire industry to about one-half the 1969 rate. Affiliates in the "other industries" category reported substantial gains for both 1969 and 1970 and in all geographic areas, with total expenditures expected to reach $1.4 billion this year. Firms engaged in trade and leasing operations account for most of the growth.

Geographic patterns

The latest estimates of plant and equipment expenditures in 1969 and 1970 confirm earlier indications of a renewed vigorous expansion by firms in Western Europe and Canada, especially in 1970. In 1968, expenditures were reduced in both areas.

Affiliates in the Common Market countries increased outlays 16 percent last year. The 37 percent rise now forecast for 1970 is the largest for any major area and, if realized, would bring total outlays to $2.8 billion this year. While gains in the Common Market countries are expected by all major industries, the planned expansion by manufacturers is by far the most significant. The estimated growth of expenditures in other European countries, also led by manufacturers, is at a pace not far below that in the Common Market—12 percent in 1969 and 26 percent in 1970. While the latest survey points to higher outlays in almost all Western European countries this year, affiliates in West Germany and the United Kingdom report by far the greatest dollar increase in both 1969 and 1970.

In Canada, expenditures are estimated to have grown 10 percent in 1969 to $2.3 billion. As in Western Europe, a much larger increase, 26 percent, is projected for 1970, with manufacturers leading but substantial growth forecast for all major industries. In the case of manufacturing affiliates in particular, the current estimates for 1970 reflect a broad expansion planned by domestic Canadian firms, despite the anti-inflationary measures now in force.

Paced by a large expansion in the extractive industries, spending in Latin America rose an estimated 18 percent last year, the highest growth rate among the major areas. In 1970, however, cutbacks in mining and smelting and a failure to share in the spending boom by manufacturers occurring in the more developed countries are expected to limit expenditure growth in Latin America to 7 percent, with total outlays reaching $2.1 billion.

In the rest of the world—i.e., areas other than Europe, Canada, and Latin America—outlays rose an estimated 8 percent last year and an increase of the same magnitude is projected for 1970. Petroleum affiliates, including

Table 1.—Estimates of Plant and Equipment Expenditures by Foreign Affiliates of U.S. Corporations, Actual and Projected, by Percent Change and Amounts [1]

	Percent change					(Billions of dollars)					
	Actual			Projected		Actual				Projected	
	1965–66	1966–67	1967–68 r	1968–69	1969–70	1965	1966	1967	1968 r	1969	1970
Total	16	7	2	12	20	7.4	8.6	9.1	9.4	10.6	12.7
By industry											
Mining and smelting	25	17	13	16	8	.6	.8	.9	1.0	1.2	1.3
Petroleum	11	19	12	11	5	2.3	2.5	3.0	3.3	3.7	3.9
Manufacturing	18	−1	−8	10	32	3.9	4.6	4.5	4.2	4.6	6.1
Chemicals	21	16	0	−10	29	.9	1.1	1.2	1.2	1.0	1.3
Machinery	20	4	−8	27	40	.9	1.0	1.1	1.0	1.3	1.8
Transportation equipment	11	−19	−22	10	18	.9	1.0	.8	.6	.7	.8
Other manufacturing	21	−7	−6	15	38	1.2	1.5	1.4	1.3	1.6	2.2
Other industries	14	10	3	25	30	.7	.7	.8	.9	1.1	1.4
By area											
Canada	28	−5	−5	10	26	1.9	2.4	2.2	2.1	2.3	2.9
Latin America	2	17	30	18	7	1.1	1.1	1.3	1.7	2.0	2.1
Europe, total	23	12	−13	15	32	2.6	3.2	3.6	3.2	3.6	4.8
Common Market	21	15	−18	16	37	1.4	1.7	2.0	1.7	2.0	2.8
Other Europe	15	8	−8	12	26	1.2	1.4	1.5	1.4	1.6	2.0
Other areas	3	0	10	8	8	1.9	2.0	2.3	2.5	2.7	2.9
By OFDI schedule											
All schedule, total [2]	12	12	4	13	19	5.6	6.3	7.0	7.3	8.3	9.8
Schedule A	3	11	24	16	6	1.7	1.8	2.0	2.5	2.9	3.1
Schedule B	4	12	8	9	16	2.0	2.1	2.4	2.6	2.8	3.2
Schedule C	30	13	−15	13	37	1.8	2.4	2.7	2.3	2.6	3.5

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1. See notes to table 2 for derivation of 1969 and 1970 estimates. 2. Does not include Canada. Note: Details may not add to totals due to rounding.

Source: U.S. Department of Commerce, Office of Business Economics.

those engaged in international shipping, accounted for most of the increase last year while manufacturing affiliates, particularly those in Japan and Australia, are expected to lead growth in 1970.

The projected surge of investment in 1970 is primarily the result of increased spending by manufacturing affiliates in developed areas. This is reflected in table 3, which groups affiliates' spending by the country schedules established by the Office of Foreign Direct Investment (OFDI). In the less

Continued on Page 35

Table 2.—Estimates of Plant and Equipment Expenditures by Foreign Affiliates of U.S. Corporations—Summary of Surveys [1]

[Millions of dollars]

	1965	1966	1967	1968					1969				1970	
	E	E	E	A	B	C	D	E^r	A	B	C^r	D	A^r	B
By Area and Major Industry Division														
All areas, total	7,440	8,640	9,267	9,773	10,633	10,436	9,717	9,410	10,385	11,445	11,845	10,921	12,293	13,713
Total mining & smelting	620	769	930	701	1,067	1,060	1,033	1,035	1,018	1,296	1,224	1,197	1,041	1,308
Total petroleum	2,277	2,529	3,000	3,432	3,010	3,568	3,441	3,349	3,520	4,025	4,187	3,820	4,147	4,209
Total manufacturing	3,884	4,583	4,625	4,840	5,220	5,008	4,420	4,175	4,925	5,241	5,349	4,874	6,032	6,933
Total other industries	660	741	823	739	799	844	817	850	922	974	1,082	1,023	1,073	1,267
Canada, total	1,847	2,457	2,233	2,063	2,229	2,262	2,129	2,186	2,289	2,295	2,457	2,335	2,611	2,993
Mining & smelting	212	207	252	240	375	401	371	340	286	350	358	347	321	440
Petroleum	503	640	636	616	670	661	645	600	797	664	722	658	738	754
Manufacturing	944	1,174	1,001	963	933	911	884	842	1,015	998	1,074	968	1,204	1,365
Other industries	188	237	204	234	251	269	229	265	251	284	313	314	306	355
Latin America, total	1,073	1,092	1,252	1,593	1,924	1,742	1,673	1,661	1,834	2,159	2,201	1,975	1,911	2,310
Mining & smelting	180	229	288	335	454	409	410	458	485	661	556	536	411	537
Petroleum	287	295	306	475	401	418	421	418	441	564	622	545	573	647
Manufacturing	459	461	605	642	775	706	633	575	579	761	722	623	636	797
Other industries	147	143	163	158	293	217	211	220	230	271	302	273	291	328
Europe:														
Common Market, total	1,418	1,863	2,124	2,193	2,333	2,097	1,843	1,732	2,142	2,229	2,315	2,142	2,747	3,067
Mining & smelting	3	3	3	3	2	3	3	3	3	3	3	3	4	6
Petroleum	300	434	582	586	528	401	448	410	588	630	472	533	635	677
Manufacturing	1,042	1,331	1,438	1,533	1,595	1,480	1,288	1,105	1,430	1,451	1,587	1,466	1,905	2,281
Other industries	68	85	180	92	107	114	103	118	128	115	153	139	163	103
Other Europe, total	1,232	1,400	1,505	1,621	1,695	1,721	1,498	1,424	1,696	1,792	1,826	1,681	2,103	2,254
Mining & smelting	2	4	6	5	6	7	7	7	4	2	9	9	0	7
Petroleum	207	344	463	473	507	548	400	460	475	468	512	437	537	587
Manufacturing	818	913	895	1,011	1,048	1,010	867	817	1,064	1,154	1,136	1,078	1,360	1,475
Other industries	106	141	149	131	135	140	135	154	151	169	168	162	180	218
Other areas, total	1,569	1,838	2,121	2,304	2,452	2,565	2,574	2,470	2,438	2,970	3,037	2,788	2,958	3,291
Mining & smelting	253	297	203	177	220	209	234	330	240	292	301	303	277	300
Petroleum	664	832	1,013	1,303	1,414	1,416	1,426	1,380	1,389	1,696	1,750	1,625	1,619	1,572
Manufacturing	621	714	687	691	665	691	804	747	737	848	831	722	918	1,095
Other industries	143	135	130	134	104	110	108	113	162	141	147	130	124	175
By Area and Major Manufacturing Industry														
All areas, total	3,884	4,583	4,625	4,840	5,220	5,008	4,420	4,175	4,925	5,241	5,349	4,874	6,032	6,933
Chemicals	801	1,049	1,210	1,343	1,488	1,432	1,314	1,206	1,122	1,180	1,163	1,109	1,250	1,535
Machinery	882	1,044	1,068	1,214	1,261	1,209	1,060	1,003	1,301	1,365	1,440	1,356	1,689	1,903
Transportation equipment	873	988	795	810	906	818	683	617	1,016	1,036	986	808	1,276	1,220
Other manufacturing	1,287	1,481	1,432	1,468	1,601	1,549	1,360	1,347	1,486	1,654	1,732	1,000	1,838	2,279
Canada, total	944	1,174	1,001	963	933	911	884	842	1,015	998	1,074	968	1,204	1,365
Chemicals	226	231	166	244	206	150	100	158	207	161	178	184	187	244
Machinery	114	150	190	153	164	188	132	131	196	158	214	168	221	233
Transportation equipment	224	255	234	176	223	201	201	195	262	248	251	207	308	331
Other manufacturing	381	512	411	390	341	372	355	358	352	392	431	409	418	557
Latin America, total	459	461	605	642	775	706	633	575	579	761	722	623	636	797
Chemicals	161	142	150	213	237	208	196	179	230	224	229	203	146	203
Machinery	60	45	78	83	93	84	83	86	109	123	115	107	131	146
Transportation equipment	73	73	88	105	143	143	114	90	190	161	146	105	140	169
Other manufacturing	166	171	188	241	302	261	229	220	231	254	242	208	218	280
Europe:														
Common Markets, total	1,042	1,331	1,438	1,533	1,595	1,489	1,288	1,105	1,430	1,451	1,587	1,466	1,905	2,281
Chemicals	147	275	427	355	381	352	319	313	248	251	322	284	362	482
Machinery	380	444	511	621	630	602	534	454	591	617	654	632	775	889
Transportation equipment	278	272	246	245	266	211	165	144	267	269	263	239	326	328
Other manufacturing	228	230	255	312	328	325	269	249	323	344	348	313	442	507
Other Europe, total	818	913	895	1,011	1,048	1,010	867	817	1,064	1,154	1,136	1,078	1,360	1,475
Chemicals	174	187	210	220	261	207	236	219	158	197	217	183	281	271
Machinery	193	224	202	228	237	240	212	200	283	285	290	280	312	403
Transportation equipment	180	181	134	202	162	127	98	84	250	233	193	173	275	257
Other manufacturing	270	315	349	358	389	360	314	315	373	438	436	440	472	546
Other areas, total	621	714	687	691	665	691	804	747	737	848	831	722	918	1,095
Chemicals	164	213	258	304	404	427	397	348	378	334	254	245	272	326
Machinery	130	132	107	130	137	115	110	98	123	154	176	161	200	240
Transportation equipment	118	75	94	61	123	123	106	100	128	135	134	95	160	148
Other manufacturing	219	294	228	197	291	227	192	303	208	224	265	220	287	361

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1. A. Estimated in June of previous year. B. Estimated in December of previous year. C. Estimated in June of current year. D. Estimated in December of current year. E. Actual—reported in June of following year. The most recent figures for 1969 and 1970 (columns 1969 D and 1970 B in tables 2–4) are not necessarily the best estimates of the actual amounts of expenditures likely to be made in those years. Better indications of year-to-year changes are likely to be obtained by comparing an estimate for a given year with that made in the corresponding survey for the previous year, for example 1969 D versus 1968 D, in order to adjust for systematic reporting bias. The "projections" for 1969 and 1970 in table 1 were derived on this basis. For 1969, the change in the D estimates (1969 D/1968 D) was applied to 1968 E (Actual) to obtain the 1969 adjusted estimate. For 1970, the change in the B estimate (1970 B/1969 B) was applied to the adjusted estimate for 1969. (For further discussion, see the technical note on page 46 of the March 1969 issue of the SURVEY.)

NOTE.—Detail may not add to totals because of rounding.

Source: U.S. Department of Commerce, Office of Business Economics.

Table 3.—Estimates of Plant and Equipment Expenditures by Foreign Affiliates of U.S. Corporations, by OFDI Schedule Area and Industry—Summary of Surveys

[Millions of dollars]

	1965	1966	1967	1968					1969				1970	
	E	E	E	A	B	C	D	E^r	A	B	C^r	D	A^r	B
All schedules, total [1]	5,695	6,381	7,034	7,721	8,464	8,284	7,559	7,295	8,116	9,154	9,378	8,556	9,690	10,631
Schedule A, total	1,743	1,787	1,890	2,465	2,724	2,802	2,493	2,461	2,806	3,302	3,299	2,943	3,078	3,490
Mining & smelting	209	271	333	375	489	452	440	487	516	604	617	501	483	620
Petroleum	638	574	868	1,075	1,003	975	1,008	990	1,097	1,320	1,365	1,226	1,355	1,387
Manufacturing	658	718	714	785	970	890	765	706	856	1,003	913	773	858	1,065
Other industries	238	226	256	231	262	285	281	282	337	366	394	343	368	428
Schedule B, total	2,026	2,134	2,374	2,492	2,904	2,960	2,665	2,574	2,579	3,043	3,149	2,932	3,221	3,491
Mining & smelting	147	185	223	110	171	200	104	187	187	227	215	223	200	241
Petroleum	714	693	936	1,002	1,243	1,240	1,173	1,130	952	1,213	1,317	1,189	1,156	1,161
Manufacturing	1,060	1,163	1,113	1,287	1,428	1,406	1,280	1,170	1,349	1,513	1,511	1,406	1,770	1,964
Other industries	96	94	104	93	60	94	78	87	93	90	101	104	95	125
Schedule C, total	1,828	2,371	2,870	2,764	2,834	2,723	2,401	2,268	2,481	2,809	2,936	2,712	3,297	3,849
Mining & smelting	32	36	33	28	32	22	30	23	28	28	37	27	37	39
Petroleum	422	612	741	736	806	652	615	588	785	830	763	714	843	908
Manufacturing	1,213	1,538	1,847	1,807	1,800	1,810	1,556	1,450	1,526	1,727	1,883	1,700	2,102	2,549
Other industries	120	185	200	191	217	216	200	210	242	224	254	262	318	357

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1. Does not include Canada. For a listing of the countries in each schedule area, see Foreign Direct Investment Regulation (15 CFR 1000.319 F.R. 49) or reprints of the regulations dated July 20, 1968, Office of Foreign Direct Investments, U.S. Department of Commerce, Washington, D.C. 20230.

Table 4.—Estimates of Plant and Equipment Expenditures by Foreign Manufacturing and Petroleum Affiliates of U.S. Corporations by Selected Country—Summary of Surveys

[Millions of dollars]

By Area and Major Industry Division	1965	1966	1967	1968					1969				1970	
	E	E	E	A	B	C	D	E^r	A	B	C^r	D	A^r	B
Manufacturing														
All areas, total	3,854	4,583	4,525	4,849	5,216	5,068	4,426	4,175	4,935	5,241	5,349	4,874	6,032	6,933
Canada, total	944	1,174	1,061	963	933	911	864	843	1,015	948	1,074	891	1,294	1,208
Latin America, total	459	451	585	612	775	785	633	575	679	761	732	623	636	797
Argentina	101	91	100	142	130	111	81	71	107	160	149	107	140	160
Brazil	78	100	131	183	242	240	225	191	200	252	241	214	196	207
Mexico	146	121	133	136	218	161	172	182	164	184	179	161	160	220
Other countries	136	139	141	181	186	168	146	131	163	176	163	141	140	201
Europe, total	1,866	2,243	2,232	2,644	2,642	2,499	2,146	2,012	2,494	2,634	2,723	2,842	3,274	3,670
Belgium & Luxembourg	113	186	260	217	176	169	140	162	119	138	116	184	141	280
France	243	288	371	296	483	437	340	300	486	434	451	380	505	589
Germany	508	681	518	580	677	508	444	423	573	677	640	620	863	1,006
Italy	110	126	150	179	218	218	182	106	211	202	193	174	210	224
Netherlands	68	151	166	152	169	102	164	147	130	180	213	280	187	228
United Kingdom	657	608	843	761	776	721	606	582	846	924	880	834	1,079	1,131
Other countries	168	214	251	260	270	289	248	235	210	230	209	241	390	343
Africa, total	88	94	73	62	70	74	59	65	39	58	64	42	77	68
Republic of South Africa	45	39	42	46	55	58	45	51	31	41	50	30	60	46
Other countries	43	56	31	16	15	16	14	14	8	17	14	12	17	22
Asia, total	291	327	400	376	486	522	485	440	456	522	492	440	573	659
Middle East	11	23	62	104	116	144	140	111	74	77	59	55	81	30
Far East	280	303	338	272	370	378	330	329	382	446	433	385	492	630
India	66	91	60	43	66	35	28	25	90	79	49	30	68	98
Japan	168	163	180	172	226	261	230	227	195	251	275	262	306	413
Other countries	46	50	98	57	84	93	72	77	97	116	109	94	118	131
Oceania, total	242	294	214	254	309	206	250	242	241	257	276	241	329	357
Australia	231	278	208	244	300	200	247	238	235	251	270	235	320	347
Other countries	11	16	6	11	9	6	3	4	6	7	6	6	9	10
Petroleum														
All areas, total	2,277	2,528	3,040	3,432	3,610	3,459	3,441	3,348	3,520	4,025	4,187	3,836	4,147	4,296
Canada, total	503	549	636	616	670	581	545	569	797	664	722	685	763	784
Latin America, total	307	258	346	475	491	430	431	438	441	564	622	546	573	547
Venezuela	130	101	183	224	235	185	164	175	227	298	299	340	231	274
Other Western Hemisphere	61	56	65	88	88	40	88	79	53	114	104	144	138	153
Other countries	110	100	148	163	168	170	178	184	103	182	189	162	214	220
Europe, total	683	775	1,045	1,038	1,036	1,049	947	882	1,064	1,103	1,065	970	1,172	1,233
Belgium & Luxembourg	26	41	101	34	33	38	34	71	53	44	84	61	136	142
France	75	96	81	103	85	70	96	82	95	94	85	78	94	90
Germany	97	172	251	206	159	146	138	115	211	214	176	177	189	178
Italy	74	87	93	110	111	132	103	84	138	148	135	124	107	171
Netherlands	38	39	77	104	140	120	119	82	130	136	102	96	70	101
United Kingdom	177	163	280	200	334	365	306	289	285	272	258	266	300	310
Other countries	180	180	174	183	173	188	191	107	180	194	315	172	237	248
Africa, total	284	289	392	544	410	599	537	527	427	629	600	604	579	579
Asia, total	440	425	457	463	521	613	585	541	585	635	610	544	670	711
Middle East	232	206	191	177	206	213	188	185	175	133	163	164	190	140
Far East	207	219	266	286	315	400	397	356	410	482	445	380	480	571
Oceania, total	74	63	80	131	150	129	125	116	151	164	165	153	186	130
International shipping	66	49	94	165	127	119	181	196	157	258	343	424	226	211

r Revised. See table 2 for notes.

Source: U.S. Department of Commerce, Office of Business Economics.

Table D2.—Uses of Funds Obtained Abroad by U.S. Corporations Through the Issue of New Securities [1]

[Millions of dollars]

Line	Credits (+); debits (—) (Lines in tables 1, 2, and 8 in which transactions are included are indicated in ( ))	1968	1969 p	1968 I	1968 II	1968 III	1968 IV	1969 I	1969 II	1969 III r	1969 IV p
1	New issues of securities (52) [1]	2,129	1,026	580	586	586	375	401	150	225	250
	Uses of funds obtained abroad through new issues of securities:										
2	Additions to, and refinancing of, direct investment (33)	—785	—611	—158	—75	—231	—321	—190	—181	—190	—50
3	Short-term claims reported by U.S. residents other than banks (40)	—973	—118	—374	—510	—194	106	—61	21	30	—108
4	Reductions in corporate liabilities to foreign residents (54, 55)	—2	—15				—2			—15	
5	Transfers of funds to U.S. residents (50) [2]	—360	—262	—48		—161	—150	—150	—20	—50	—42

r Revised. p Preliminary.

1. New issues of securities sold abroad by U.S. corporations exclude securities issued by subsidiaries incorporated abroad and also exclude funds obtained abroad by U.S. corporations through bank loans and other credits. However, securities issued by finance subsidiaries incorporated abroad are treated as if they had been issued by U.S. corporations if the proceeds of such issues are transferred to U.S. parent companies.

2. A (—) reflects a decline in foreign deposits and money market paper held in the United States.

NOTE.—Details may not add to totals because of rounding.

Table D3.—Transactions in U.S. Securities Other Than Treasury Issues

[Millions of dollars]

Line	Increase in foreign assets (+) (Transactions are included in tables 1, 2, and 8, in line 43)	1968	1969 p	1968 I	1968 II	1968 III	1968 IV	1969 I	1969 II	1969 III r	1969 IV p
1	Total	[2] 4,360	3,053	[2] 839	1,136	1,115	1,290	1,373	337	393	930
2	New issues of securities sold abroad by U.S. corporations [1]	2,129	1,026	580	586	588	375	401	150	225	250
3	Investment by international and regional organizations in nonguaranteed U.S. Government agency bonds.	116	336	—38	—41	78	110	184	—42	61	134
4	Other transactions	[2] 2,113	1,671	[2] 297	572	451	703	788	230	107	546
5	Bonds	29	106	—12	42	—8	7	37	103	—62	78
6	Stocks	[2] 2,084	1,565	[2] 309	530	460	796	751	127	169	468

r Revised. p Preliminary.

1. Proceeds from securities issued by finance subsidiaries incorporated abroad that are transferred to the U.S. parent companies are treated as if they had been issued by U.S. corporations.

2. Excludes purchase of $210 million by a foreign company of stocks issued by the U.S. subsidiary. This purchase is treated as a foreign direct investment in the United States.

NOTE.—Details may not add to totals because of rounding.

Continued from Page 23

developed countries, Schedule A, expenditures are estimated to have risen 18 percent last year, but an increase of only 6 percent is planned for 1970. In Schedule B countries, including the United Kingdom, Japan, Australia, and others, a 9 percent increase last year is expected to be followed by a 15 percent gain in 1970. Affiliates located in Schedule C countries, comprising most of continental Western Europe and South Africa, reported a 13-percent increase last year but expectations are for a much larger rise of 37 percent in 1970. This would bring total expenditures in Schedule C countries to $3.5 billion for the year, almost double the amount spent in these countries as recently as 1965.

One of the more interesting results of this survey is the very large expansion planned in Schedule C countries, where controls on direct investment under the OFDI program are most stringent. The aim of the investment controls has, for the most part, been to limit capital outflows from the United States, not to reduce expansion by foreign affiliates. To the extent that fixed asset investment can be financed by borrowing abroad, growth in plant and equipment spending is not limited by direct investment controls under the OFDI program. In fact, the ability of U.S. companies and their affiliates to raise money abroad has increased substantially in recent years with the broadening of the European capital market. The magnitude of the planned increase in capital expenditures this year, especially in Western Europe, could be taken to reflect confidence on the part of parent companies and affiliates that sufficient funds will be available to finance the investment they see as necessary to respond to growing markets. Alternatively, some anticipation by the companies of an easing of the OFDI program may be inherent in the reported large expansion plans. If credit conditions abroad are very tight, and the OFDI program remains unchanged, actual plant and equipment expenditures in 1970 could well be lower than now projected.